

NET PROFITS FEE RETURN INSTRUCTIONS

GENERAL - In the case of an individual, partnership, association, corporation, fiduciary or other entity engaged in the conduct or operation of any business profession or enterprise, there is imposed an annual license fee being 3/4 percent (.75%) of the net profits of such business, profession or other enterprise if and to the extent of business conducted in or derived from activity in Logan County.

In the event of a net loss a return still must be filed along with a copy of your federal return showing the loss. **IF NO WORK WAS PERFORMED DURING THE TAX YEAR THEN YOU NEED TO STATE "NO WORK PERFORMED" SIGN IT AND RETURN THE FORM TO AVOID THE \$25.00 PENALTY!!! MUST BE POST-MARKED BY THE DUE DATE !!!!**

WHO SHOULD FILE - Every person or business entity engaged in any business for profit and any person that is required to make a filing with IRS or the Kentucky Revenue Cabinet shall be required to file a Net Profit License Fee Return with the Logan County Occupational Tax Director. If you filed a return last year you will need to file one this year unless you officially closed your account.

WHEN TO FILE - The Net Profit License Fee Return must be filed on or before April 15 if licensee is on a calendar year. Fiscal year returns are due 105 days after the Federal Tax Year end. If due date falls on Saturday, Sunday or legal holiday the return may be filed on the next succeeding day which is not a Saturday, Sunday or legal holiday.

EXTENSION REQUESTS - If an extension of time for filing is necessary, a copy of your federal extension must be submitted on or before the due date of the return.

INTEREST & PENALTIES - Regardless of the number of extensions approved, interest is 1% per month or portion of a month beginning the first day after the original due date to the date the return is filed.

All License Fees remaining unpaid after the original due date, or approved extension date, whichever is later, will be subject to a five 5% percent penalty per month or portion of a month of the unpaid license fees. Penalty cannot be less than \$25.00, but cannot be more than 25% of the total tax due.

All returns must be post-marked by the due date to avoid late fees.

REFUNDS - Where there has been an overpayment of tax, a refund or credit shall be made to the taxpayer to the extent of overpayment only if a written application for refund is received by the county from the taxpayer within two (2) years from the date the overpayment was made.

ALCOHOLIC BEVERAGE SALES FORMULA - Kentucky alcoholic beverage sales divided by total sales equal the alcoholic beverage percentage. Multiply the alcoholic beverage percentage by the net profit of the business. A deduction may be taken only if the business engaged in the selling of alcoholic beverages had a profit. Attach a copy of the computation sheet to the tax form.

SECTION B	
ITEMS NOT DEDUCTIBLE	ITEMS NOT SUBJECT
21 State or Local taxes based on income _____	28 Interest Income _____
22 License Fee Under this Ordinance _____	29 Dividend Income _____
23 Partners Guaranteed Payments _____	30 Royalties on Patents, Copyrights _____
24 Non-Business Expenses _____	31 Interest on U.S. Govt Securities _____
25 Capital Gains/ Forms 4797 and 6252 _____ (As reported on Sch. D. Attach separate schedule if necessary)	32 Allowable Pass Through Expenses _____
26 Net Operating Loss _____	33 Other (Specify) _____ (attach Separate schedule if necessary)
27 TOTAL ADDITIONS _____ (Enter on Line 6)	34 Alcoholic Beverage Sales Deduction _____
	35 TOTAL DEDUCTIONS (enter on line 8) _____

SECTION C

Section C (Lines 36-39) must be completed by licensees with gross income and/or wages, salaries and other compensation, within the limits of Logan County. Completion of this section allocates the proportionate share of total business activity attributable to Logan County. If gross income or payroll exists, but not within the limits of Logan County, a zero percentage should be added in Column C when calculating the Average Percentage (Line 39)

ALLOCATION FACTORS	Column A Logan County	Column B TOTAL	Column C PERCENTAGE
36 Gross Receipts/Sales (if not applicable, write N/A in Column C)	\$ _____	\$ _____	_____%
37 Total Wages, Salaries and Other Compensation (if not applicable, write N/A in Column C)	\$ _____	\$ _____	_____%
38 TOTAL PERCENTS (Line 36 Column C plus Line 37 Column C)			_____%
39 AVERAGE PERCENTAGE (Line 38 divided by number of applicable percents)..... Enter on line 10 ..			_____%

****NOTICE**** DO NOT DIVIDE BY 2 IF NOT USING BOTH FACTORS

LCNP2- 5/14/2008